



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## European Union

### Agricultural Situation

### Fischler reaffirms CAP Reform Rationale and Directions

**2003**

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**Report Highlights:**

In two recent speeches, EU Commissioner for Agriculture, Franz Fischler laid out his vision of a reformed CAP - concentrating on quality (organics, higher food safety and environmental standards, geographic indicators) and increased market orientation (decoupling direct payments). He uses quality policy to justify continued high levels of farm spending. This reform is to be achieved by shifting money from direct payments to rural development policy and is overall budget neutral.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2]  
[E2]

Franz Fischler, EU Commissioner for Agriculture set out in two recent speeches his rationale for CAP reform, arguing that it is required to "simplify" the CAP, as well as to shift farm spending towards rewarding farmers for the production of quality produce and non-farming services.

Overall, the reform proposals will not reduce EU farm spending. The money saved through modulation (reducing the largest CAP payouts) and degressivity (reduction in direct payments) will be rechannelled towards rural development and be used to compensate farmers for market reforms (for example, the proposed 5% intervention price cut for cereals).

Fischler then went on to strongly defend the concept of decoupling, (removing the link between direct payments and production), presenting one of its main benefits as encouraging farmers to increase their market orientation.

In a speech to the informal meeting of the EU Ministers of Agriculture in Corfu, Greece last week, Commissioner Fischler laid out a vision of some future aspects of EU agricultural policy.

The Commissioner fits this under the umbrella of quality - which he defines as aspects such as geographic indicators, the promotion of particular production methods, such as organics, improved animal welfare, marketing of quality certification schemes, improved labeling and food safety, etc.

Whilst he recognizes that these methods would lead to higher costs, Fischler sees them as a justification for maintaining farm spending as well as meeting "the environmental and social demands of European society as a whole". Further, Fischler stressed that these quality aspects should be taken into account in the WTO negotiations

### Links

Franz Fischler: ["CAP: Why reform is necessary"](#) (19/05/2003), Speech to the Conference of the Chairmen of Committees for Agriculture of the Parliament of the European union, the Candidate Countries and the European Parliament, Athens, Greece:

Franz Fischler, ["Quality in agriculture"](#) (13/05/2003), Speech to the Informal Meeting of EU Ministers for Agriculture, Corfu Greece:

### Related USEU reports:

Report Number	Title	Date released
E23075	CAP Reform Update	5/20/2003
E23071	April Agricultural Council	5/14/2003
E23059	CAP Reform Budget Update	4/15/2003
E23025	CAP Reform - simplification of state aid	2/24/2003

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